GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:206
ANSWERED ON:09.05.2016
Prices of Petroleum Products
Kateel Shri Nalin Kumar;Teacher Smt. P.K.Sreemathi

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of increase/decrease in the prices of petrol, diesel, Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG), Aviation Turbine Fuel (ATF) and kerosene during each of the last three years along with the criteria/policy adopted/laid down to fix price of petroleum products, product-wise;
(b) the number of times the prices of various petroleum products have been increased and the reasons therefor along with the reasons for not reducing the oil prices commensurate with the reduction of price of crude oil in the international market during the above period;
(c) whether the Government has not been able to reap the benefits of cheaper crude oil in the international market on account of delay in construction of strategic reserves of crude oil, if so, the details thereof;
(d) the steps taken/being taken to construct the said reserves in a time bound manner, location-wise, State/UT-wise; and
(e) the remedial steps taken/proposed to be taken by the Government to counter the production cut by Oil Producing and Exporting Countries thereby resulting in rise in prices of crude oil in the international market?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)
(a) to (e): A statement is laid on the Table of the House.
Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 206 asked by Shri Nalin Kumar Kateel and Shrimati P.K. Sreemathi Teacher to be answered on 9th May, 2016 regarding "Prices of Petroleum Products ".
(a): The details of revision in the Retail Selling Prices (RSP) of Petrol, Diesel, PDS Kerosene, Domestic LPG and ATF at Delhi, since 1st April 2013 are given in Annexure I & II.
The prices of ATF, Petrol and Diesel have been made market determined by the Government effective 1st April 2001, 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of these products in line with their international prices and other market conditions. The Government continues to modulate the effective price to consumer for Subsidized Domestic LPG. Further, Price of CNG/PNG is fixed by the concerned City Gas Distribution (CGD) entities under the Petroleum & Natural Gas Regulatory Board (PNGRB) Act, 2006.
(b): RSP of Petrol and Diesel in the country are linked to their respective international prices and OMCs are at present applying Trade Parity Pricing methodology to compute the RSP. Other cost elements in the RSP of Petrol & Diesel viz Excise Duty, BS IV premium, marketing cost and margins etc. are specific costs which do not increase/decrease with the volatility in international prices of Petrol and Diesel. The element of excise duty which is specific in nature has been increased since November, 2014. Most of the State Governments also have increased VAT on Petrol and Diesel. After taking into account these factors, OMCs have passed on major portion of the decrease in price to the consumers of Petrol and Diesel. Number of times the price of Petrol and Diesel have been increased/decreased since 1st April 2013 are given below:

Particulars	Petrol	Diesel
No. of Increases	21	28
No. of Decreases	32	19

The effective price of PDS Kerosene and Subsidized Domestic LPG has not been increased since 25th June 2011.
(c) & (d): Strategic reserve at Visakhapatnam, Andhra Pradesh, has been commissioned and filled with crude oil in October, 2015. The strategic reserves at Mangalore and Padur in Karnataka have also been mechanically completed in November, 2015 and May, 2015 respectively. Commissioning of Mangalore and Padur reserves also needs laying of pipeline which was delayed due to Right of Use (RoU) problems. MoP&NG has been continuously monitoring the progress of pipelines and regular meetings have been held with the Government of Karnataka and local District Administration to resolve the issues. Now, pipeline for Mangalore cavern has been completed and it is ready to receive crude oil. Padur cavern is expected to be ready by June, 2016. (e): The price of crude oil in the international market fluctuate, depending on various factors including demand and supply of crude oil. Similarly, the requirement of crude oil imports for consumption of petro-products and fulfilling the needs of oil refineries is an inter play of several factors like success in new production of crude oil, blending of bio fuels, success in conservation efforts, etc. The Public Sector Oil Companies import crude oil on term and spot basis as per the prevalent crude import policy.
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